

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7048

BILL NUMBER: SB 332

NOTE PREPARED: Jan 30, 2006

BILL AMENDED: Jan 26, 2006

SUBJECT: Department of Correction Employee Benefits.

FIRST AUTHOR: Sen. Young R Michael

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill has the following provisions:

Special Death Benefit Fund: This bill specifies that if an employee of the Department of Correction (DOC): (1) works within a prison or juvenile facility or performs parole or emergency response operations and functions; and (2) dies in the line of duty; the employee's survivor is entitled to the \$150,000 death benefit from the Special Death Benefit Fund.

Waiver of Tuition/Fees: The bill provides that each child and surviving spouse of such an employee is eligible to attend any state-supported college, university, or technical school without paying tuition or mandatory fees.

Pension Management Oversight Commission: The bill requires the Pension Management Oversight Commission (PMOC) to study retirement and other employee benefits for hazardous duty workers of the DOC.

Effective Date: July 1, 2006; January 1, 2007.

Explanation of State Expenditures: *\$150,000 Special Death Benefit:* Adding a new group of potential recipient beneficiaries of the Special Death Benefit Fund may increase expenditures from this fund. Currently, there are approximately 9,010 individuals covered by the Special Death Benefit Fund. The average number of deaths for which benefits are paid is 3.25 per year.

IC 5-10-10-4 established the Special Death Benefit Fund, which receives funding from a \$5 fee collected for each bail bond issued. As of December 10, 2005, the balance in the Special Death Benefit Fund amounted to

\$1,259,000. The payment for each line-of-duty death is \$150,000. The following table shows the annual payout from the fund and the number of deaths each year since FY 1998.

Special Death Benefit Fund Under IC 5-10-10-4.		
Fiscal Year Ending	Amount Paid	Number of Line-of-Duty Deaths
6/30/05	\$300,000	2*
6/30/04	\$600,000*	4*
6/30/03	\$150,000	1
6/30/02	\$750,000	5
6/30/01	\$450,000	3
6/30/00	\$900,000	6
6/30/99	\$300,000	2
6/30/98	\$450,000	3
TOTAL	\$3,900,000	26
Average/Year	\$487,500	3.25
* \$300,000 accrued on 6/30/04, but was actually paid in FY 2005.		

Waiver of Tuition/Fees: This past academic year (2004-2005 = FY 2005), the State Student Assistance Commission reported that they had 5 children and 1 spouse (of police or firefighters killed in the line of duty) receiving the fee remission under IC 20-12-19.5 for an average cost of \$3,415. They expect the cost to increase with public college tuition and fee increases of around 6% per year. The specific impact will depend upon the number of future students who claim this benefit.

(Revised) *Pension Management Oversight Commission:* The Pension Management Oversight Commission is to study retirement and other employee benefits for hazardous duty workers in the DOC and make recommendations, including any recommended legislation, concerning those benefits. The study will have no fiscal impact and will be handled through the current procedures of the PMOC.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Correction; Public Employees' Retirement Fund; Institutions of Higher Education; State Student Assistance Commission.

Local Agencies Affected:

Information Sources: Doug Todd of McCready & Keane, Inc., actuaries for PERF, 317-576-1508; Col. Tom Parker, Public Employees' Retirement Fund, 317-233-4146; Nick Vesper, Director of Policy Research, State Student Assistance Commission (SSACI), 317-233-5094.

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